

Form B

Farm and Outbuilding Form

California Department of Veterans Affairs

**TO REPORT A LOSS: CALL SAMS & ASSOCIATES 1-800-626-1613
OR 1-916-368-7267**

**FOR GENERAL INFORMATION CALL CALIFORNIA DEPARTMENT
OF VETERANS AFFAIRS TOLL FREE 1-800-952-LOAN**

**ISSUED UNDER MASTER EXCESS INSURANCE POLICY ISSUED
TO THE CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
(HEREIN CALLED CDVA) for the period October 31, 2006 to
October 31, 2007.**

This Form B and the Annual CDVA Insurance Certificate (herein called Insurance Certificate) issued to the Certificate Holder are issued subject to the deductible(s), terms, conditions and provisions of the Master Excess Insurance Policy issued to the California Department of Veterans Affairs.

Insurance attaches only to those items specifically described in this Form B for which a specific amount is shown on the Insurance Certificate.

Loss, if any, to be adjusted with and payable to the California Department of Veterans Affairs, and the Certificate Holder, as their interests may appear under the terms and conditions as may be specified by the California Department of Veterans Affairs.

Any loss hereunder shall not reduce the amount of insurance under this Form B.

DEDUCTIBLE CLAUSE

The Certificate Holder deductible is \$250 each occurrence with respect to loss by any of the perils insured against.

The Deductible Clause shall apply separately to each building(s) occupied as barn(s), outbuilding(s) and similar building(s) including property appertaining thereto covered hereunder.

I. Coverage

This Form B insures building(s) occupied as barn(s), outbuilding(s) and similar buildings located on and usual to a private farm all subject to the provisions and stipulations of this Form B. Materials and supplies while located on the described premises or adjacent thereto and intended for use in construction, alterations or repairs of structures covered are included herein, all subject to the provisions and stipulations of this Form B.

THIS COVERAGE DOES NOT APPLY TO BUILDING CODE UPGRADES, PERSONAL PROPERTY, CONTENTS, PERSONAL LIABILITY, WATER OR LAND, INCLUDING LAND ON WHICH THE BUILDING IS LOCATED.

II. PERILS INSURED AGAINST

This Form B insures against direct loss by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke, except as hereinafter provided.

Provisions Applicable Only to Windstorm and Hail: CDVA shall not be liable for loss caused directly or indirectly by frost or cold weather, or ice (other than hail), snow or sleet, whether driven by wind or not.

CDVA shall not be liable for loss to the interior of the building(s) or the property covered therein caused: (a) by rain, snow, sand or dust, whether driven by wind or not, unless the building(s) covered shall first sustain an actual damage to roof or walls by the direct action of wind or hail, and then shall be liable for loss to the interior of the building(s) as may be caused by rain, snow, sand, or dust entering the building(s) through openings in the roof or walls made by direct action of wind or hail; or (b) by water from sprinkler equipment or from other piping unless such equipment or piping be damaged as a direct result of wind or hail.

CDVA shall not be liable for windstorm or hail damage to: (a) grain, hay, straw or other crops outside of buildings; or (b) windmills, wind pumps or their towers; or (c) crop silos (or their contents); or (d) metal smokestacks or, when outside of buildings, awnings or canopies (fabric or slat) including their supports, signs, radio or television antennas including their lead-in wiring, masts or towers; or (e) lawns, trees, shrubs or plants.

Provision Applicable Only to Explosion: Loss by explosion shall include loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox (or combustion chamber) of any fired vessel or within the

flues or passages which conduct the gases of combustion therefrom.

CDVA shall not be liable for loss by explosion or steam boilers, steam pipe, steam turbines or steam engines, if owned by, leased by or operated under the control of the insured.

The following are not explosions within the intent or meaning of these provisions: (a) shock waves caused by aircraft, generally known as "sonic boom"; (b) electric arcing; (c) rupture or bursting of rotating or moving parts of machinery caused by centrifugal force or mechanical breakdown; (d) water hammer; (e) rupture or bursting of water pipes; (f) rupture or bursting due to expansion or swelling of the contents of any building or structure caused by or resulting from water; (g) rupture, bursting or operation of pressure relief devices.

Any other explosion clause made a part of this Form B is superseded by this provision.

Provision Applicable Only to Riot, Riot Attending A Strike and Civil Commotion: Losses by riot, riot attending a strike or civil commotion shall include direct loss by acts of striking employees of the owner or tenant(s) of the described building(s) while occupied by said striking employees and shall also include direct loss from pillage and looting occurring during and at the immediate place of a riot, riot attending a strike or civil commotion.

CDVA shall not be liable for loss resulting from damage to or destruction of the described property due to change in temperature or humidity or interruption of operations whether or not such loss is covered by this Form B as to other perils.

Provisions Applicable Only To Loss By Aircraft and Vehicles: The term "aircraft" as used in this Form B shall include self-propelled missiles and spacecraft. The term "vehicles", as used in this Form B means vehicles running on land or tracks, but not aircraft. Loss by aircraft or vehicles shall include only direct loss resulting from actual physical contact of an aircraft or a vehicle with the property covered hereunder except that loss by aircraft includes direct loss by objects falling therefrom.

CDVA shall not be liable for loss: (a) by any vehicle owned or operated by an insured or by any tenant of the described premises; (b) by any vehicle to fences, driveways, walks or lawns, trees, shrubs or plants; (c) to any aircraft or vehicle including contents thereof other than stocks of aircraft or vehicles in process of manufacture or for sale.

Provisions Applicable Only To Smoke: The term "smoke" as used in this Form B means only smoke due to a sudden, unusual and faulty operation of any heating or cooking

unit, only when such unit is connected to a chimney by a smoke pipe or vent pipe, and while in or on the described premises, but not smoke from fireplaces or industrial apparatus or agricultural smudging.

III. EXCLUSIONS

This Form B does not insure against loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

- A. Earth movement**, including but not limited to earthquake, landslide, mudflow, earth sinking, earth rising or shifting, unless fire or explosion as insured against ensues, and then coverage under this Form B shall be provided only for loss caused by the fire or explosion.
- B. Volcanic eruption**, unless direct loss by fire ensues. In this event, coverage under this Form B shall be provided only for the direct loss to the property insured caused by the ensuing fire. Volcanic eruption means the eruption, explosion or effusion of a volcano.
- C. Electrical injury** or disturbance to electrical appliances, devices, fixture or wiring caused by electrical currents artificially generated, unless loss by a peril insured against ensues, and then coverage under this Form B shall be provided only for such ensuing loss.
- D. Power interruption**, meaning the interruption of power or other utility service furnished to the described premises if the interruption takes place away from the described premises. If a peril insured against ensues on the described premises, coverage under this Form B shall be provided only for loss caused by the ensuing peril.
- E. Building code upgrades**, Ordinance or law, meaning enforcement of any ordinance or law regulating the construction, repair or demolition of building(s) or structure(s).
- F. Water damage**, meaning any of the following:
 - 1. Flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
 - 2. Water which backs up through sewers or drains;
 - 3. Water below the surface of the ground including that which exerts pressure on or otherwise flows,

seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other opening in such sidewalks, driveways, foundations, walls or floors;

unless loss by fire or explosion as insured against hereunder ensues, and then coverage under this Form B shall be provided only for such ensuing loss.

G. War Risk and Governmental Action, meaning:

Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack (1) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (2) by military, naval or air forces; or (3) by agent of any such government, power, authority or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces; insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

H. Nuclear Hazard, to the extent set forth in the Nuclear Clause and Nuclear Exclusion below.

Nuclear Clause: The word “fire” in this Form B is not intended to and does not embrace nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and loss by nuclear reaction or nuclear radiation or radioactive contamination is not intended to be and is not insured against by this Form B whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to or aggravated by “fire” or any other perils insured against by this Form B.

However, subject to the foregoing and all provisions of this Form B, direct loss by “fire” resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this Form B.

Nuclear Exclusion: Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled, uncontrolled, or due to any act or condition incident to any of the foregoing is not insured against by this Form B, whether such loss by direct or indirect, proximate or remote, or be in whole

or in part caused by, contributed to, or aggravated by any of the perils insured against by this Form B; and nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, is not "explosion" or "smoke". This clause applies to all perils insured against hereunder except the peril of fire, which is otherwise provided for in the nuclear clause above.

- I. Absolute Pollution Exclusion:** This Form B does not apply to any loss, demand, claim or suit arising out of or in any way related to pollution including any cost or expense arising out of or in any way related to testing for, monitoring, cleaning up, removing, containing, treating detoxifying or neutralizing pollution. CDVA shall have no duty of any kind with respects to any such loss, demand, claim or suit.

This exclusion applies to all coverages under this Form B.

Pollution means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke (except as specifically covered under Provisions Applicable Only To Smoke), vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- J. Absolute Asbestos Exclusion:** This Form B does not apply to any loss, damage, expense, demand, claim or suit arising out of or related in any way to asbestos or asbestos containing materials.

CDVA shall have no duty of any kind with respect to any such loss, demand, claim or suit.

This exclusion applies to all coverages under this Form B.

- K. Intentional loss** arising out of an act committed by or at the direction of the Certificate Holder.

- L. Electronic Date Recognition** Notwithstanding any provision of this Form B which may appear to the contrary, this Form B does not insure any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, including the Year 2000, by any computer system hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or,

- b. any change, alteration, correction or modification involving one or more dates or times, including the Year 2000, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

If direct physical loss or damage not otherwise excluded by this Form B results, then subject to all its terms and conditions, this Form B shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include any cost, claim or expense, whether preventative, remedial or otherwise, arising out of or relating to any change, alteration, correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate or compare, differentiate, sequence or process data involving one or more dates or times, including the Year 2000.

Destruction, distortion or corruption of any computer data, coding or software, which is caused by the failure of any computer system, hardware, program or software, or any other microchip, integrated circuit, or similar device in computer equipment or non-computer equipment, to recognize, interpret, calculate, compare, differentiate, sequence or process any data involving one or more dates or times, including the Year 2000, is not physical loss or damage insured against under this Form B.

IV. LOSS SETTLEMENT

Buildings under SECTION I - COVERAGE are settled at Actual Cash Value but not more than the least of the following amounts:

- A.** The cost to repair or replace that part of the structure damaged or destroyed with material of like kind and quality less allowance for depreciation.
- B.** The limit of liability under this Form B that applies to the building.

OTHER PROVISIONS

A. Change of Occupancy: Vacancy or Unoccupancy: A claim for loss by any peril insured against by this Form B shall not be barred because of change of occupancy; nor because of vacancy or unoccupancy.

B. Apportionment: CDVA shall not be liable for a greater proportion of any loss less the amount of deductible, if any, from any peril or perils insured against in this Form B than (1) the amount of insurance under the Insurance Certificate bears to the whole amount of fire insurance covering the property, or which would have covered the property except for the existence of this insurance, whether collectible or not, and whether or not such other fire insurance insures against the additional peril or perils insured against hereunder, or (2) for a greater proportion of any loss less the amount of deductible, if any, than the amount hereby insured bears to all insurance, whether collectible or not, covering in any manner such loss, or which would have covered such loss except for the existence of this insurance; except if any type of insurance other than fire extended to cover additional perils or windstorm insurance applies to any loss to which this insurance also applies, or would have applied to any such loss except for the existence of this insurance. The limit of liability of each type of insurance for such loss, hereby designated as "joint loss", shall first be determined as if it were the only insurance, and this type of insurance shall be liable for no greater proportion of joint loss than the limit of its liability for such loss bears to the sum of all such limits. The liability of CDVA (under this insurance) for such joint loss shall be limited to its proportionate part of the aggregate limit of this and all other insurance of the same type. The words "joint loss", as used in the foregoing, mean that portion of the loss in excess of the highest deductible, if any, to which this Form B and other types of insurance above referred to both apply.

C. Duties after Loss: In the event of loss or damage to covered property, the Certificate Holder must do the following:

1. Give notice to Sams & Associates by no later than 12 months from the date of discovery of such loss or damage.
2.
 - a) Protect the property from further damage; and
 - b) Make reasonable and necessary repairs to protect the property; and
 - c) Keep an accurate record of repair expenses.

3. As often as reasonably required:

- a) Exhibit to any person designated by Sams & Associates all that remains of any property; and
- b) Submit to examinations under oath by any person named by Sams & Associates, and subscribe the same; and
- c) As often as may be reasonably required, produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by Sams & Associates or its representative, and permit extracts and copies thereof to be made.

4. File with Sams & Associates a detailed sworn Proof of Loss within 60 days of receipt of the Proof of Loss form from Sams & Associates.

5. Cooperate with Sams & Associates in the adjustment and settlement of the loss.

6. Notice to Sams & Associates shall be the same as notice to CDVA. Call Sams & Associates at 1-800-626-1613 within California or 1-916-368-7267 or Fax to 1-888-314-7267

D. Suit Against CDVA: No suit or action on this Form B or Master Excess Insurance Policy for the recovery of any claim shall be sustainable in any court of law unless the Certificate Holder has fully complied with all the requirements of this Form B and all administrative procedures required by law, nor unless commenced within 12 months after the loss. If you disagree with the decision of Sams & Associates, you must appeal to the Chief of the Division of Farm & Home Purchases of CDVA before filing suit. If you disagree with the decision of the Division Chief, you must appeal to the California Veterans Board before filing suit. If you disagree with the decision of the California Veterans Board, you must file a claim with the California Board of Control before filing suit against CDVA.

E. Cancellation: This Form B may be canceled by the California Department of Veterans Affairs by giving forty-five (45) days prior written notice of such cancellation.

In the event of cancellation for non-payment of premium due, the California Department of Veterans Affairs shall give the Certificate Holder not less than ten (10) days notice before such cancellation becomes effective. Notice of cancellation by the California Department of Veterans Affairs shall be effective even

though the California Department of Veterans Affairs makes no payment or tender of return premium with such notice.

- F. Other Insurance:** If a loss covered by this Form B is also covered by other insurance, CDVA will pay only the proportion of the loss that the limit of liability that applies under this Form B bears to the total amount of insurance covering the loss.
- G. Concealment or Fraud:** Whether before or after a loss, this entire Form B is void if the Certificate Holder has intentionally concealed or misrepresented any material fact or circumstance, engaged in fraudulent contact or made false statements relating to this insurance.
- H. Appraisal:** If the Certificate Holder and Sams & Associates fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 60 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, the Certificate Holder or Sams & Associates may request that the choice be made by a judge of a court of record in the state where the property is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to Sams & Associates, the amount agreed upon will be the amount of the loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.
- Each party will:
1. Pay its own appraiser;
 2. Bear the other expenses of the appraisal and umpire equally; and
 3. Pay its own attorneys fees, if any.
- I. Option Clause:** If the California Department of Veterans Affairs gives the Certificate Holder written notice within 30 days after Sams & Associates receives the signed sworn proof of loss, California Department of Veterans Affairs may repair or replace any part of the damaged property with equivalent construction.

Further, nothing in Paragraphs C, D, E or G will alter or restrict coverage provided to the California Department of Veterans Affairs under the Master Excess Insurance Policy.